

all representatives noted that they would jealously guard their sovereignty and would carefully weigh their options before entering into binding agreements. Uzbek FM Norov criticized the EU for its lack of substantial investment despite claims to want long-term engagement and greater influence. Norov claimed EU nations combined provided half as much investment as Russia and even less than China. He belittled the commitment of 750 million euros over seven years in the June 2007 EU strategy. Still, he insisted Uzbekistan was a solid partner in regional stability and was prepared to do more to counter threats of organized crime, drugs, and religious militancy emanating from Afghanistan. (Note: This past May, the EU reaffirmed some of its sanctions against Uzbekistan over its human rights record. The EU will revisit the decision in October, which may have provided a pretext for Norov's gloomy portrait of Uzbek-EU relations.)

US: Options and Opportunities Needed for Sovereignty, Stability and Prosperity in Central Asia

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¶13. (U) SCA/CEN Spratlen outlined USG priorities - security, regional economic integration and energy, and political reform with democratic foundations. From the US perspective, success in each area reinforced success in other areas. The US supported political and economic reform, rule of law, good governance, human rights and religious freedom, free trade and open markets, development of small businesses, energy investment, and cooperation in the fight against terror and weapons of mass destruction, all at the same time. She outlined USG security cooperation with governments of the region. Spratlen added, however, that as long as segments of the population continue to be economically marginalized, they will be vulnerable to the call of extremism. On economic integration, the US is pushing for greater regional

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integration through infrastructure and other linkages to Afghanistan and South Asia, as well as expanded access to international markets. Energy resources, if managed wisely, could become an engine for growth and modernization. Energy should not be the sole basis of the economy, however, and investment in other sectors was crucial. Governments of the region needed to fight corruption, strengthen the rule of law, and improve judicial institutions in order to create a favorable investment climate. Ultimately, however, the US believed that only democratic reform would provide stability and economic prosperity in the region.

Italy: We Want More Influence

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¶14. (U) FM D'Alema noted that Central Asia's importance to Europe and to Italy, in particular, was growing. Italy hoped to become a leading EU partner for the region and hoped to develop historical and ancient ties to the region to continue to help the region open up to Europe. D'Alema added that Italy's interests were not entirely based on the region's energy production. Italy looked to the countries of Central Asia for cooperation on security, the fight against terrorism, organized crime, and drug and human trafficking. D'Alema insisted that, like other players in the region, Italy was interested in promoting democratic reforms, including respect for human and religious rights. Italy, unlike other powers, rejected an aggressive approach to promoting democracy, preferring a long-term, multilateral approach through the EU, OSCE, NATO, SCO and other fora.

Russia: Change is Evolutionary, not Revolutionary

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¶15. (U) DFM Karasin noted that 16 years after the unfortunate events of 1991, the region continued to have serious social

and economic problems domestically and between themselves. Additionally, the region was confronted by instability emanating from Afghanistan, which the US and NATO had failed to contain. Russia welcomed Western engagement but urged the West to respect historical, social and traditional values that had developed in the region. The international community should not expect a historical leap, but rather should prepare for evolutionary change. Central Asia was growing in importance and Russia had a significant role to play given its common history in the region. Russia welcomed US and other Western involvement but noted that any foreign military presence could be misinterpreted. Karasin agreed that there was no great game afoot in the region and Russia was open to the idea of new energy routes and competition. The West, however, was politicizing the issue of alternate energy routes and applying a double standard in its attempts to control new supply lines.

EU/NATO/OSCE: Central Asia Undergoing a Complex Evolution

16. (U) EU Special Representative for Central Asia Morel agreed that Central Asia was not a pawn in a zero-sum game between Russia and the West. Instead the region was undergoing a complex evolution with five independent states pursuing their own interests. The EU was working to increase its engagement with the region after a slow start. In 1992-1993 few EU nations had a presence in the region. Today the 27 nations have strong representation. The EU has significant security, commercial, and social interests and is committed to long-term investment and engagement. The EU will provide a frame of reference for bilateral relations and will also work through the OSCE, EUROSEC, and SCO to extend its influence. To implement its strategy, Morel noted that he encouraged increased bilateral visits, parliamentary commissions and the opening of embassies. The EU would also support and encourage private investment in energy. He noted, however, that there was no hidden agenda in the EU's efforts to increase its presence and these efforts should not be a threat to anyone.

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17. (U) Perrin de Brichambaut, Secretary General of OSCE, noted that OSCE was an indispensable actor in the region. With 56 member states, OSCE is the largest security cooperation organization in the world and the Central Asian countries had already become full partners on all issues. He noted that a Kazakh chairmanship of the organization was under serious consideration. The infrastructure, experience and expertise of the OSCE made it an important player in the development of the region. It was expansive (included Asia, Europe and North America), inclusive (participation of all nations of the region) and rapid in its response to needs of its members.

18. (U) NATO Representative for Central Asia Tuncer agreed that the engagement of NATO through the PFP program was not an effort to dislodge or substitute the influence of other players in the region. Additionally, NATO would not compete with or duplicate the efforts of any other organization in the region. Tuncer added that since the 2004 Istanbul summit, NATO had undertaken to increase its engagement with Central Asia and had appointed a permanent representative.

19. (U) Executive Director of the UN Office for Drug Control and Crime Prevention Costa noted that Central Asia's participation in the fight against drugs was crucial. The vast majority of the world's opium supply originates in South Asia and Central Asia was becoming a key transit point. Fortunately, the nations of Central Asia do not border the poppy producing provinces of Afghanistan. Unfortunately, Central Asia is close to the majority of laboratories that converted the product into opium. As a result of being closer the "value-added ladder" of drug production, Central

Asia was becoming more vulnerable to the effect of drug trafficking. The UN was working to establish programs promoting rule of law and border control to stem the flow of drugs and associated problems. The UN was prepared to work directly or in conjunction with other international organizations or bilateral partners to continue this fight.

Italian Commerce: Struggling to Find Footing in Shifting Sands

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¶10. (U) In contrast to government and IO officials, ENI representative Maugeri believed that the region was caught in a competition between the West and Russia for control of energy resources and the right to develop and export those resources. Central Asia's energy reserves are not quite as large as Saudi Arabia's but rivaled Iran and Iraq's. The challenge for the international community would be to develop the sustainable extraction of these resources. In Maugeri's opinion, China's influence in the region was growing and would eventually become dominant. Maugeri noted that ENI's interest were long-term and expected that it would endure ups and downs. Edison representative Quadrini added that along with Central Asia, the political and economic influence of transit countries would increase. The EU and other energy consumers needed to be prepared for the political and economic demands of transit nations.

¶11. (U) A panel of representatives from non-energy-related firms Unicredit, Indesit, Finmeccanica, and Todini and ANCE (a small textile and design operation) were invited to provide examples of Italian success stories in Central Asia. All agreed that the domestic market was becoming increasingly sophisticated and developed, but they also provided personal narratives of unfair competition, cut-throat labor markets, lack of Italian government concern for their operations, and changing domestic rules.

Comment

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¶12. (SBU) The Italian government is slowly moving up the learning curve with only two embassies in Central Asia (Kazakhstan and Uzbekistan). FM D'Alema seeks a role for his government in a region Italy sees as increasingly strategic, yet uncertain. Conversely, Italian companies with 10-15 years of experience in the region seek to sustain their place

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in a rapidly changing market. Although the Italian MFA agreed with the US assessment that the region was not the subject of a great game between the West and Russia, its worldview is decidedly Eurocentric. The US and Russia were invited to speak in the opening session along with the EU. No other regional actor, including Turkey, was invited to speak. Poloff later confirmed that the Chinese Embassy in Rome had not even been invited to send an observer, while some countries, including Poland, the Netherlands, and Latvia were invited to send personnel.

(U) This cable was cleared by SCA/CEN Pamela Spratlen
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